



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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OCT 31 2013

RE: MUR 6759
(formerly RR 13L-02R)
California Real Estate Political
Action Committee/Federal –
California Association of Realtors
and M. Iqbal Bholat in his official
capacity as treasurer

Dear Mr. Davidson:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission (the "Commission") became aware of information suggesting that your clients, California Real Estate Political Action Committee/Federal - California Association of Realtors and M. Iqbal Bholat in his official capacity as treasurer (the "Committee"), may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On March 28, 2013, the Commission notified the Committee that it was being referred to the Commission's Office of the General Counsel for possible enforcement action under 2 U.S.C. § 437g. On October 22, 2013, the Commission found reason to believe that the Committee violated 2 U.S.C. § 434(b) by failing to accurately disclose receipts on its original 2011 Mid-Year Report, a non-election-sensitive report. Enclosed is the Factual and Legal Analysis that sets forth the basis for the Commission's determination.

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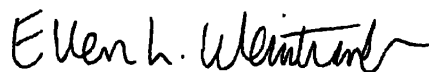
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In the meantime, this matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

Please note that the Committee has a legal obligation to preserve all documents, records and materials relating to this matter until notified that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519.

We look forward to your response.

On behalf of the Commission,



Ellen L. Weintraub
Chair

Enclosures
Factual and Legal Analysis

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: California Real Estate Political Action Committee/Federal – MUR 6759
California Association of Realtors and M. Iqbal Bholat in
his official capacity as treasurer

I. GENERATION OF MATTER

This matter was generated based on information ascertained by the Federal Election Commission (the “Commission”) in the normal course of carrying out its supervisory responsibilities. *See* 2 U.S.C. § 437g(a)(2). The Reports Analysis Division (“RAD”) referred California Real Estate Political Action Committee/Federal – California Association of Realtors and M. Iqbal Bholat in his official capacity as treasurer (the “Committee”) to the Office of General Counsel (“OGC”) for failing to disclose additional receipts of \$363,223.69, which were not disclosed on its original 2011 Mid-Year Report. In response, the Committee acknowledges that it was necessary to amend the report, but states that the omission was caused by problems it encountered during its transition to a new software program, and requests that the Commission close this matter without any further action. Based on the available information, the Commission has determined to open a matter under review (“MUR”) and find reason to believe that the Committee violated 2 U.S.C. § 434(b) by failing to disclose receipts accurately to the Commission.

II. FACTS

The Committee is the separate segregated fund of the California Association of Realtors, a trade association. *See* Amended Statement of Organization (June 12, 2013).¹ On July 31, 2011, the Committee timely filed its 2011 Mid-Year Report covering the period from January 1,

¹ *See* <http://query.nictusa.com/pdf/468/13962852468/13962852468.pdf#navpanes=0>.

2011 through June 30, 2011, which disclosed \$423,972.79 in total contributions received. *See* 2011 Mid-Year Rpt. at 3 (July 31, 2011).² Six-months later, the Committee filed an amended 2011 Mid-Year Report on January 31, 2012, which disclosed additional contributions received totaling \$363,223.69. *See* Amended Mid-Year Rpt. at 3 (Jan. 31, 2012).³

On March 26, 2012, RAD sent the Committee a Request for Additional Information (“RFAI”), requesting clarification regarding the substantial increase in receipts that were not disclosed in the original filing. *See* RFAI at 1 (Mar. 26, 2012).⁴ Responding to the RFAI, the Committee filed a Miscellaneous Document (“Form 99”) on April 27, 2012, stating that:

In 2011, [the Committee] started using a fundraising database managed by the National Association of Realtors (NAR) and encountered problems during the transition to the new software program. Some online contributions were not posted by NAR until several months after the original report was filed. In addition, other contributions were incorrectly allocated in the database due to a programming error in splitting the contributions. After NAR fixed the formula, there was a substantial increase in contributions allocated to [the Committee], which was reflected in the amended report.

OGC notified the Committee about RAD’s referral to OGC on March 28, 2013. Letter from Jeff S. Jordan, Supervisory Att’y, CELA, FEC to M. Iqbal Bholat, Treasurer of the Committee (Mar. 28, 2013); *see also Agency Procedure for Notice to Respondents in Non-Complaint Generated Matters*, 74 Fed. Reg. 38,617 (Aug. 4, 2009). In response to the notification, the Committee maintains that the Commission should close the matter without any further action. *See* Letter from Cary Davidson, Legal Counsel for the Committee, to Jeff S. Jordan, Supervisory Att’y, FEC at 2 (May 24, 2013) (“Resp.”). The Committee acknowledges that it needed to amend its report, but states that the Committee engaged in virtually no financial

² *See* <http://query.nictusa.com/pdf/555/11931531555/11931531555.pdf?navpanes=0>.

³ *See* <http://query.nictusa.com/pdf/859/12950395859/12950395859.pdf?navpanes=0>.

⁴ *See* <http://images.nictusa.com/pdf/420/12330004420/12330004420.pdf>.

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activity between the initial and amended filings, and the omitted amount of receipts did not impact the Committee's use of funds. *Id.* at 1. According to the response, other than small fundraising and administrative expenses, the Committee's only expenditure each year is a transfer to its affiliated separate segregated fund, which is not based on the Committee's account balance or receipts. *Id.* The Committee also asserts that it reported the receipts that were identified in its database, but due to a programming error, the applicable software failed to record many of the contributions to the Committee; those contributions were, as a result, omitted from the Committee's data file used to prepare its original 2011 Mid-Year Report. *Id.* at 2. Although the data problem was discovered at the time the original 2011 Mid-Year Report was filed, the Committee states that the problem could not be corrected until the database was reprogrammed. *Id.* The Committee amended its report after its database was reprogrammed and the Committee was confident that the revised figures were accurate. *Id.* The situation, the Committee states, is unique, and not likely to be repeated. *Id.*

III. LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended (the "Act"), requires committee treasurers to file reports of receipts and disbursements in accordance with the provisions of 2 U.S.C. § 434. 2 U.S.C. § 434(a)(1); 11 C.F.R. § 104.1(a). These reports must include, *inter alia*, the total amount of receipts, including the appropriate itemizations, where required. 2 U.S.C. § 434(b); 11 C.F.R. § 104.3(a).

Here, the Committee did not comply with the Act's reporting requirements when it failed to disclose a total of \$363,233.69 in receipts on its original 2011 Mid-Year Report. *See* Resp. at 1-2. Therefore, the Commission has determined to find reason to believe that the California Real

Estate Political Action Committee/Federal – California Association of Realtors and M. Iqbal
Bholat in his official capacity as treasurer violated 2 U.S.C. § 434(b).

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